

***Before the***  
**Federal Communications Commission**  
**Washington, D.C. 20554**

In the Matter of	)	
	)	
Applications of AT&T Inc. and DIRECTV	)	MB Docket No. 14-90
for Consent To Assign or Transfer Control of	)	
Licenses and Authorizations	)	

**AT&T INC. SEMI-ANNUAL COMPLIANCE REPORT ON**  
**AT&T/DIRECTV MERGER CONDITIONS**

**FEBRUARY 24, 2017**

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## **I. INTRODUCTION & COMPLIANCE OVERVIEW**

On July 24, 2015, the Federal Communications Commission (“Commission”) approved, subject to conditions, the applications of AT&T Inc. and DIRECTV (collectively “AT&T” or the “Company”) to transfer control of various Commission licenses and other authorizations from DIRECTV to AT&T pursuant to Section 310(d) of the Communications Act of 1934, as amended (the “Act”).<sup>1</sup> The transaction closed the same day.

AT&T submits this third semi-annual report demonstrating compliance with the conditions set forth in Appendix B (the “Conditions”) of the *Merger Order*.<sup>2</sup> This report describes AT&T’s compliance with the following Conditions: (1) Fiber to the Premises (“FTTP”) deployment;<sup>3</sup> (2) the provision of 1 Gigabit FTTP Service to covered E-rate eligible

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<sup>1</sup> *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 9131 (2015) (“*Merger Order*”).

<sup>2</sup> AT&T submitted its first semi-annual report on January 27, 2016, covering the time period July 24, 2015 to December 31, 2015. *AT&T Inc. Semi-Annual Compliance Report on AT&T/DIRECTV Merger Conditions*, MB Dkt No. 14-90 (Jan. 25, 2016) (“First Semi-Annual Compliance Report”). AT&T’s second semi-annual compliance report covered the time period of January 1, 2016 to June 30, 2016. *AT&T Inc. Semi-Annual Compliance Report on AT&T/DIRECTV Merger Conditions*, MB Dkt No. 14-90 (July 25, 2016) (“Second Semi-Annual Compliance Report”). This third semi-annual compliance report covers the time period of July 1, 2016 to December 31, 2016.

On December 9, 2016, the Wireline Competition Bureau approved AT&T’s request for a 30-day extension of the date for filing the remaining semi-annual compliance reports. *Letter from Matthew DelNero, Chief, Wireline Competition Bureau, FCC, to Maureen R. Jeffreys, Arnold & Porter LLP, Counsel for AT&T*, MB Dkt No. 14-90, DA 16-1370 (Dec. 9, 2016). Thus, AT&T’s semi-annual reports are now due on February 24 and August 24 for each year of the reporting condition (for reporting periods that end December 31 and June 30, respectively). *Id.*

<sup>3</sup> *Merger Order*, Appendix B, § III.

schools and libraries;<sup>4</sup> (3) non-discriminatory usage-based practices;<sup>5</sup> and (4) the Discounted Broadband Services Program.<sup>6</sup>

As this report demonstrates, AT&T is in full compliance with the Conditions. Indeed, AT&T is performing above and beyond the Conditions' requirements. AT&T's Discounted Broadband Services Program (the "Program"), *Access from AT&T*, has been praised by a broad range of public interest organizations and other stakeholders. AT&T's extensive outreach initiative has been met with overwhelming support from national, state and local public and private organizations. As of December 31, 2016, about 630 organizations have agreed to help promote the Program. AT&T has expanded eligibility for the Program beyond the Condition's requirements, and the Program is quickly attracting more subscribers, with an almost tenfold increase in the number of subscribers since the prior reporting period.

AT&T also has exceeded the end of year 2016 milestone for FTTP deployment, adding more than double the number of locations needed to achieve the year end milestone. AT&T's methodology for identifying E-rate eligible covered schools and libraries for 1 Gigabit-per-

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*, Appendix B, § IV.

<sup>6</sup> *Id.*, Appendix B, § VI. The *Merger Order* also imposed specific internet interconnection disclosure and reporting requirements, but did not require AT&T to include in its semi-annual report a description of its compliance with that Condition. *Id.*, Appendix B, § V. AT&T has filed with the Commission all Internet Interconnection Agreements that are subject to disclosure pursuant to the requirements of the Condition. In addition, on December 31, 2015 (amended August 4, 2016), AT&T submitted to the Commission its report on a proposed methodology for the reporting of internet interconnection performance metrics developed by the Independent Measurement Expert ("IME"). The FCC approved the methodology on August 12, 2016. AT&T began implementing that methodology on December 10, 2016, within the required 120 days. On January 30, 2017, AT&T began filing its monthly reports on specific internet interconnection performance metrics.

second (“Gbps”) FTTP Service offers sweeps well beyond what the Condition requires. And, AT&T has offered 1 Gbps FTTP Service in response to any Form 470 seeking bids for 1 Gbps speeds filed by any covered schools and libraries, school districts, library systems, or consortia. AT&T also has established monthly usage allowances that are in full compliance with the Non-Discriminatory Usage-Based Practices Condition.

In addition to the Conditions on which AT&T is required to report semi-annually, the *Merger Order* imposed certain compliance program Conditions.<sup>7</sup> As AT&T explained in its First Semi-Annual Compliance Report, AT&T has satisfied the Conditions to appoint a Company Compliance Officer,<sup>8</sup> develop and implement an Implementation and Compliance Plan,<sup>9</sup> and engage an Independent Compliance Officer (“ICO”)<sup>10</sup> within the time frames required by the Conditions, and continues to comply with any associated Program and Reporting Conditions on an ongoing basis. AT&T has designated Edward Barillari, Senior Vice President – Chief Compliance Office, as the Company Compliance Officer. AT&T has engaged Donald

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<sup>7</sup> *Id.*, Appendix B, § VII.

<sup>8</sup> *Id.*, Appendix B, § VII(1) (“Within thirty (30) calendar days after the Closing Date, the Company shall designate a senior corporate manager with the requisite corporate and organizational authority to serve as a Company Compliance Officer and to discharge the Company’s duties with respect to the conditions specified in this Appendix B.”).

<sup>9</sup> *Id.*, Appendix B, § VII(2) (“The Company agrees that it shall, within sixty (60) calendar days after the Closing Date, develop and implement an Implementation and Compliance Plan designed to ensure its implementation of and compliance with the conditions specified in this Appendix B, establishing, *inter alia*, mechanisms to provide, on an ongoing basis, adequate notice and training to all Company personnel involved with the activities covered by the conditions in this Appendix B.”).

<sup>10</sup> *Id.*, Appendix B, § VII(3)(a) (“Within ninety (90) days of the Closing Date, an Independent Compliance Officer shall be identified, whose selection is acceptable to the Company and approved by the Commission’s Office of General Counsel, in consultation with the Wireline Competition Bureau.”).

K. Stern as the ICO, who has been approved by the Commission’s Office of General Counsel.<sup>11</sup>

AT&T has had many meetings with Mr. Stern and his team to educate them about the Conditions, AT&T’s compliance activities, and the semi-annual compliance reports, and to prepare for and assist the ICO’s evaluation activities. Mr. Stern filed his second compliance report on September 23, 2016.<sup>12</sup> As described below, AT&T has implemented the recommendations made by the ICO in his second report.

As described in AT&T’s Implementation and Compliance Plan, AT&T has assembled a team of employees, including company officers, senior-level managers and attorneys, to develop, coordinate, and oversee implementation of the Conditions within the specified time frames. A Program Management Team, led by AT&T officers, has overall responsibility for overseeing compliance for all Conditions. In addition, AT&T has established six “Working Teams” to oversee and ensure compliance with each specific Condition (or portion of a Condition). These Working Teams include AT&T officers and senior-level employees whose ordinary course

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<sup>11</sup> Public Notice, *Independent Compliance Officer Identified in Accordance with AT&T-DIRECTV Merger Condition*, DA 15-1207 (Oct. 23, 2015).

<sup>12</sup> *Independent Compliance Officer’s Compliance Report on AT&T/DIRECTV Merger Conditions*, MB Dkt No. 14-90 (Sept. 23, 2016) (“ICO Second Report”). Mr. Stern filed his first compliance report on March 28, 2016. *Independent Compliance Officer’s Compliance Report on AT&T/DIRECTV Merger Conditions*, MB Dkt No. 14-90 (Mar. 28, 2016) (“ICO First Report”). See also *Merger Order*, Appendix B, § VII(3)(e) (“The Independent Compliance Officer shall prepare and submit, in accordance with the filing and service requirements set forth in Section VII.5. herein, a Compliance Report within sixty (60) days of receiving the Company’s reports required under the conditions specified in this Appendix B.”).

responsibilities within AT&T encompass the activities covered by the Condition to which they have been assigned.<sup>13</sup>

This report is divided into separate sections for each specific Condition. The first part of each section provides the text of the Condition as set forth in Appendix B of the *Merger Order*. The second part of each section provides an overview of the processes and specific steps that AT&T has implemented to comply with the Condition, and the specific reporting requirements and associated exhibits required for each Condition.

## **II. FTTP DEPLOYMENT AND PROVISION OF GIGABIT FTTP SERVICE TO COVERED E-RATE ELIGIBLE SCHOOLS AND LIBRARIES**

### **A. STATEMENT OF THE CONDITION**

#### **1. Condition**

- a. Within four (4) years, in accordance with the timing requirements set forth in subparts 2.a.(i) through 2.a.(v), the Company shall deploy FTTP-based Broadband Internet Access Service to at least 12.5 million mass-market customer locations,<sup>14</sup> such as those occupied by residences, home offices, and very small businesses (and excluding locations solely occupied by large enterprises and institutions), of which no more than 2.9 million may be upgrades to customer locations that receive speeds of 45 Mbps or more using fiber to the node (“FTTN”) technology:

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<sup>13</sup> In addition, AT&T has provided training to the Working Teams responsible for implementing and tracking compliance with the Conditions to ensure that they understand their obligation to promptly report any potential material noncompliance with any Condition. AT&T also has established an internal mechanism for reporting potential violations, and all such reports will be promptly reviewed and investigated by members of AT&T’s Program Management Team.

<sup>14</sup> Customer locations are defined as addresses to which the Company has the technical ability to provide Broadband Internet Access Service and excluding broadband-connected locations such as gates, ATMs, and elevators (“Customer Locations”).



- (i) By December 31, 2015, the Company shall expand its FTTP coverage to at least 1.6 million of the aforementioned customer locations, including locations built as of April 15, 2015;
  - (ii) By December 31, 2016, the Company shall expand its FTTP coverage to at least 2.6 million of the aforementioned customer locations;
  - (iii) By December 31, 2017, the Company shall expand its FTTP coverage to at least 5.0 million of the aforementioned customer locations;
  - (iv) By December 31, 2018, the Company shall expand its FTTP coverage to at least 8.3 million of the aforementioned customer locations; and
  - (v) Within four (4) years of the Closing Date the Company will complete the aforementioned FTTP deployment to all 12.5 million customer locations and the Company will offer speeds of 45 Mbps or more to at least 25.7 million customer locations.
- b. No more than 1.5 million greenfield locations (*i.e.*, locations at which wire or fiber lines have not been deployed previously) may be counted towards the 12.5 million customer locations required in subsection 2.a.
- c. The Company may not use, receive, or request any Connect America Funds (“CAF”) for the investments required to satisfy the 12.5 million FTTP deployment transaction commitment or for operating expenses for such locations after such are deployed. Specifically, 12.5 million geocoded locations reported for purposes of this condition cannot be counted towards satisfying any CAF requirements.<sup>15</sup>
- d. In addition to the 12.5 million FTTP locations required by this condition, the Company is obliged to offer 1 Gbps FTTP Service (“Gigabit FTTP Service”) to any E-rate eligible school or library located within or contiguous to a distribution area in which the

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<sup>15</sup> This would include but is not limited to any of the CAF programs, as well as any other Universal Service Fund (“USF”) programs that the Commission may implement at a future date.

Company deploys FTTP-based service, including all of the distribution areas included with the 12.5 million FTTP buildout, which includes approximately 6,000 E-rate eligible schools and libraries (“covered schools and libraries”). Provided however, the Company is not obliged to deploy Gigabit FTTP Service to schools and libraries outside of its wireline footprint. In order to satisfy this condition, the Company must offer Gigabit FTTP Service in response to a Form 470 seeking bids for Gigabit FTTP Service to any covered school or library, pursuant to the E-rate rules, and it must engage in affirmative and adequate outreach to make all covered schools and libraries aware of the opportunity to purchase its Gigabit FTTP Services. The Company shall make adjustments to its outreach efforts in response to reasonable requests from the Commission’s Office of General Counsel.

**2. Reporting**

- a. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on a semi-annual basis that describes its compliance with subsections 2.a.-c. of this condition, with the first such report to be submitted six (6) months after the Closing Date, in a format similar to the report that the Company submits in connection with receiving CAF Phase I support, and is expected to submit in Phase II, which must include at least the following, in electronic format:
  - (i) The number of new customer locations to which FTTP service has been deployed during the reporting period;
  - (ii) A CSV file (comma separated values file) or other form approved by the Commission staff for each location to which FTTP service has been deployed in satisfaction of this deployment condition, information presented in substantially the format shown in the chart below (the same location information collected from CAF Phase I recipients);<sup>16</sup>

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<sup>16</sup> The Company must provide LAT and LONG; however, if information for a column other than LAT/LONG is unavailable for a given location, that column may be left blank.

- (iii) Any explanatory notes as required; and
  - (iv) Any other information the Independent Compliance Officer determines is reasonably necessary to report on compliance with this condition.
- b. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on an semi-annual basis that describes its compliance with subsection 2.d. of this condition, with the first such report to be submitted six (6) months after the Closing Date, which must include at least the following, in electronic format:
- (i) A list of the covered schools and libraries to which the Company has provided a bid for FTTP services pursuant to this condition, the FCC Form 470 associated with each such bid, and information about the monthly recurring charges and any special construction charges associated with each such bid;
  - (ii) The number of covered schools and libraries to which Gigabit FTTP Service has been deployed during the reporting period;
  - (iii) A CSV file (comma separated values file) or other form approved by the Commission staff for each school or library location to which Gigabit FTTP Service has been deployed in satisfaction of this deployment condition, information presented in substantially the format shown in the chart below;<sup>17</sup>
  - (iv) Any explanatory notes as required;
  - (v) A description of the Company's outreach to covered schools and libraries to notify them of the availability of Gigabit FTTP Service; and

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<sup>17</sup> The Company must provide LAT and LONG; however, if information for a column other than LAT/LONG is unavailable for a given location, that column may be left blank.

- (vi) Any other information the Independent Compliance Officer determines is reasonably necessary to report on compliance with this condition.<sup>18</sup>

**B. COMPLIANCE REPORT – FTTP DEPLOYMENT**

**1. Introduction and Working Team**

AT&T has a Working Team that oversees and coordinates implementation of this Condition. This Working Team includes AT&T management personnel who, in the ordinary course of business, lead AT&T's FTTP expansion projects and have a proven track record of developing and executing broadband expansion plans within specified time frames. All members of this Working Team have been trained to understand what is required by this Condition, including the buildout milestones and the limitations on counting certain types of Customer Locations towards satisfying this Condition.

As discussed further in Section II.B.2 below, AT&T has exceeded the end of year 2016 milestone for FTTP deployment in a manner fully consistent with the Condition's limitations on counting certain types of Customer Locations. The Condition requires AT&T to expand its FTTP coverage to reach a total of 2.6 million Customer Locations by the end of 2016, *i.e.*, one million more locations beyond the 2015 deployment milestone.<sup>19</sup> As of December 31, 2016,

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<sup>18</sup> Although this Condition refers to fiber deployment within or contiguous to "distribution areas" ("DAs"), that term relates to boundaries associated with copper technology. For fiber, the term equivalent to distribution area is a passive optical network (PON) Serving Area ("PSA"). (A PON is a cabling system that uses optical fibers and optical splitters to deliver services to multiple access points. *See* Techopedia, Dictionary, <https://www.techopedia.com/definition/16009/passive-optical-network-pon> (last visited Feb. 20, 2017).) The PSA boundaries are often similar, but not identical to copper distribution area boundaries.

<sup>19</sup> *Merger Order*, Appendix B, § III(2)(a)(ii).

AT&T has deployed FTTP to a total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] Customer Locations, which is over [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] more than the 2016 deployment milestone.

## **2. Total Deployment**

AT&T has deployed FTTP service to more than [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] mass-market Customer Locations during the reporting period, reaching a total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] mass-market Customer Locations as of December 31, 2016. A total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] greenfield Customer Locations are included in this deployment. [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] of the total Customer Locations deployment are upgrades to FTTN technology that received speeds of 45 Mbps or higher as of the Closing Date. No CAF funds were used, received, or requested by AT&T in order to deploy FTTP to these Customer Locations.<sup>20</sup>

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<sup>20</sup> AT&T has excluded from the CSV file any constructed FTTP customer location that is located in a PSA that AT&T reported as eligible for CAF I or CAF II funding, whether or not these CAF funds were used in whole or in part to construct that FTTP customer location. [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION]

As explained below, during the reporting period, AT&T, Commission staff and the ICO have agreed upon a process that AT&T will use to report Customer Locations to which FTTP has been deployed within certain multiple dwelling units (“MDUs”).<sup>21</sup> In particular, AT&T may count towards the FTTP buildout requirements the Customer Locations within MDUs that require the MDU owner and AT&T to agree to a right of access to deploy fiber within the MDU<sup>22</sup> when (a) AT&T has deployed fiber within that MDU to the full extent of the rights obtained by AT&T from the MDU owner; or (b) AT&T has extended fiber to accessible terminals or other facilities in the right of way outside that MDU where the MDU owner does not grant access or the parties cannot agree on a plan for extending fiber within the MDU.<sup>23</sup> In

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<sup>21</sup> Letter from Maureen R. Jeffreys, Counsel for AT&T Inc. to Marlene H. Dortch, Esq., Secretary, FCC, MB Dkt No. 14-90 (Oct. 6, 2016) (“October 6, 2016 Letter”).

<sup>22</sup> As explained in AT&T’s First Semi-Annual Compliance Report, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]** First Semi-Annual Compliance Report at 12; *see also* Second Semi-Annual Compliance Report at 11 n.22. Unlike single family homes, however, before AT&T can install service to any specific Customer Locations in larger MDUs, AT&T must negotiate or otherwise obtain or confirm rights to enter the MDU (a Right of Access, or “ROA”), engineer the service, and install new wiring or use existing wiring to reach individual Customer Locations within the MDU. Thus, regardless of whether AT&T ultimately deploys FTTP service to Customer Locations in a particular MDU (for example, if the MDU owner has denied AT&T access to the premises), AT&T has “the technical ability to provide [FTTP-based] Broadband Internet Access Service,” *Merger Order*, Appendix B, § III(2)(a) n.2, to all Customer Locations in that MDU.

<sup>23</sup> October 6, 2016 Letter at 1-2. However, as explained in AT&T’s Second Semi-Annual Compliance Report, AT&T’s sales databases are designed to track locations where AT&T currently can sell service. Thus, AT&T does not in the ordinary course of business track and report the granular information required to be reported in the *Merger Order*, Appendix B, § III(3)(ii), for MDU Customer Locations where it has allocated fiber to an MDU building but the MDU owner has not provided consent for AT&T to deploy fiber to each Customer Location within the MDU. Accordingly, AT&T has not counted such Customer Locations in this report or included such Customer Locations in Exhibit 1. AT&T is in the process of developing the methodology to report such Customer Locations pursuant to this Condition and plans to include

Footnote continued on next page

each case, for the Customer Locations to be counted, the FTTP deployment or fiber allocation must conform to certain parameters, which AT&T has implemented during the reporting period.<sup>24</sup>

If the MDU owner rejects AT&T's request for access to deploy fiber within the MDU or the parties cannot agree on a plan for extending fiber within the MDU, AT&T will send a certified letter to the owner of the MDU confirming that the MDU owner has not granted AT&T access to deploy fiber within the MDU.<sup>25</sup> After AT&T sends the certified letter, AT&T may count such Customer Locations towards the FTTP buildout requirements provided that AT&T satisfies certain additional requirements if AT&T subsequently reaches an agreement with the MDU owner.<sup>26</sup>

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any such MDU Customer Locations in future semi-annual reports. *See* Second Semi-Annual Compliance Report at 11 n. 22.

<sup>24</sup> *See* October 6, 2016 Letter at 1-2. In particular, as of October 31, 2016, when marketing fiber deployments to owners of MDUs that require the MDU owner and AT&T to agree to a right of access in order to deploy fiber within the MDU, AT&T (i) makes fiber deployments to individual units the lead and primary proposal when making initial contact with MDU owners; (ii) notifies in writing an MDU owner of the opportunity to have AT&T deploy fiber to reach individual units within the MDU; (iii) offers to design, at AT&T's expense, an inside wiring plan for the MDU to deliver fiber to reach individual units within the MDU; and (iv) presents written materials to MDU owners regarding the benefits of fiber deployment to individual units. AT&T also has trained representatives to promote fiber deployment to individual units in negotiations with MDU owners. AT&T has submitted examples of training materials, MDU design offers, and collateral materials to the ICO.

<sup>25</sup> During the term of the Condition, AT&T will contact the MDU owner at least annually from the date of the certified letter to renew AT&T's request to deploy fiber within the MDU.

<sup>26</sup> If AT&T has counted towards the FTTP buildout requirements on a prior semi-annual compliance report such an MDU Customer Location, and during the term of the Condition, AT&T subsequently reaches an agreement with the MDU owner to deploy fiber within the MDU, AT&T must deploy fiber within that MDU to the full extent of the rights obtained by AT&T from the MDU owner. If AT&T has not completed deployment to serve any Customer Location within the MDU within nine months of the date when AT&T has reached an agreement

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### **3. CSV File Reporting on Each Customer Location<sup>27</sup>**

Exhibit 1 contains information for each of the total Customer Locations to which FTTP service has been deployed in satisfaction of this Condition as of December 31, 2016.<sup>28</sup>

During the reporting period, AT&T, Commission staff and the ICO have agreed that AT&T may report Customer Locations to which AT&T has completed FTTP deployment during a reporting period, but for which latitude and longitude coordinates are not available in AT&T's ordinary course databases as of the end of the reporting period.<sup>29</sup> Accordingly, Exhibit 1 includes Customer Locations for which AT&T has deployed FTTP service as of December 31, 2016, even if AT&T does not have latitude and longitude coordinates at this time. For those

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with the MDU owner to deploy fiber within the MDU, then AT&T must remove the Customer Location from any subsequent semi-annual compliance report until it completes fiber deployment to serve that Customer Location to the full extent of the rights obtained by AT&T from the MDU owner. October 6, 2016 Letter at 2-3.

<sup>27</sup> AT&T has included the following information in the CSV file: Census Block Information; Operating Company Number; Study Area Code; Common Language Location Identifier; Latitude and Longitude of the Customer Location (if available as of the end of the reporting period); DA/PSA; the Service Address; City; State; Zip Code; and the Service Address Identification Number (a unique identification number assigned to each Customer Location in AT&T's databases and systems in the ordinary course of business).

<sup>28</sup> The data provided in Exhibit 1 is obtained from AT&T's ordinary course databases, which may be modified or corrected from time to time. For example, these databases are routinely updated with changes, corrections, and improved data that may be obtained from the field as part of the ongoing FTTP deployment process. Such updates are common in greenfield locations where changes routinely occur as part of the development process, but database updates also occur in locations where AT&T overbuilds fiber. Accordingly, the information provided in Exhibit 1 for a particular Customer Location in one reporting period may be updated in a subsequent reporting period. As explained in the Second Semi-Annual Compliance Report, for each compliance report, AT&T plans to provide information for each of the total Customer Locations to which AT&T has deployed FTTP service in satisfaction of this Condition as of the end of that reporting period based on the data available in the ordinary course databases at that time. *See* Second Semi-Annual Compliance Report at 11.

<sup>29</sup> *See* October 6, 2016 Letter at 3-4.



Customer Locations where latitude and longitude coordinates are not available for inclusion in a compliance report, AT&T will provide those coordinates in a subsequent compliance report when those coordinates become available in AT&T's ordinary course databases.<sup>30</sup>

#### **4. Response to ICO Recommendations**

As recommended by the ICO,<sup>31</sup> during this reporting period, AT&T updated the documented FTTP reporting process that it uses to prepare the CSV file and compliance reports for the FTTP Condition. This documentation describes AT&T's data-merging and quality control process, including the specific data-field interrelationships and queries used to track and report FTTP deployment. The updated document includes the automated processes and queries that AT&T implemented during the reporting period. **[BEGIN CONFIDENTIAL INFORMATION]**

**[END CONFIDENTIAL INFORMATION]** As a supplement to Exhibit 1, AT&T will provide to the ICO additional data about each Customer Location to enable the ICO to verify that the reported Customer Locations are in compliance with the Condition.<sup>33</sup> AT&T is prepared to work with the ICO to develop further evaluation processes.

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<sup>30</sup> *Id.*

<sup>31</sup> ICO Second Report at 14-16.

<sup>32</sup> *Id.* at 17.

<sup>33</sup> AT&T will provide the ICO with **[BEGIN CONFIDENTIAL INFORMATION]**  
**[END CONFIDENTIAL INFORMATION]** for each Customer Location.

**C. COMPLIANCE REPORT – GIGABIT OFFERS TO COVERED E-RATE ELIGIBLE SCHOOLS AND LIBRARIES**

**1. Introduction and Working Team**

AT&T has a Working Team to oversee and coordinate compliance with the Condition requiring AT&T to offer 1 Gbps FTTP Service to covered E-rate eligible schools and libraries (“E-rate Condition”). This Working Team includes AT&T senior managers who, in the ordinary course of business, oversee AT&T’s business-level broadband internet access services and its participation in the E-rate program.

The E-rate Condition, like the E-rate program itself, is centered on the Commission’s Form 470 process. The E-rate fiscal year runs from July 1st to June 30th. Under the Commission’s procedures, individual schools and libraries, school districts, library systems, buying consortia and states may post a Form 470 each fiscal year until approximately March/April, seeking bids for a contract that typically would begin the following July 1st.<sup>34</sup> For example, these entities post Form 470s from about October 2016 into April 2017 for contracts for which E-rate funding will not begin until July 2017. Thus, if awarded, AT&T will begin providing service under the E-rate Condition pursuant to Commission rules<sup>35</sup> for any Form 470s to which AT&T responded during this reporting period on or after July 1, 2017, depending on the customer’s desired due date.

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<sup>34</sup> The Universal Service Administrative Company (“USAC”), which administers the E-rate program, has announced the filing window for the E-rate funding year 2017 will open on February 27, 2017 and close on May 11, 2017. Schools and Libraries Program News Brief, *E-rate Funding Year 2017 Application Filing Window Opens February 27, 2017* (Feb. 10, 2017), <http://lists.universalservice.org/read/archive?id=4835&mid=415849&e=dm1461%40att%2ecom&x=54d78f5a>.

<sup>35</sup> 47 C.F.R. § 54.507(d)(2).

As discussed in the sections that follow, AT&T is complying with this Condition by (1) identifying covered schools and libraries located where AT&T plans to have deployed FTTP services by the end of the first half of 2017 (*i.e.*, the beginning of the new E-rate funding year); (2) responding to all Form 470s seeking bids for 1 Gigabit FTTP Service to any such covered school or library;<sup>36</sup> (3) deploying as requested 1 Gigabit FTTP Service to any bid awarded for that service by a covered school or library; and (4) conducting affirmative and adequate outreach to make covered schools and libraries aware of the opportunity to purchase 1 Gigabit FTTP Services.

## **2. Methodology for Identifying “Covered Schools and Libraries”**

The E-rate Condition requires AT&T “to offer 1 Gbps FTTP Service . . . to any E-rate eligible school or library located within or contiguous to a DA in which the Company deploys FTTP-based service.”<sup>37</sup> For purposes of compliance with this Condition during the 2016-2017 E-rate season for the funding year 2017 which will begin July 1, 2017, AT&T modified its methodology for identifying covered schools and libraries based on its experience implementing this Condition over the past year. **[BEGIN CONFIDENTIAL INFORMATION]**

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<sup>36</sup> Schools and libraries typically purchase commercial broadband services with a guaranteed quality of service. **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**

<sup>37</sup> *Merger Order*, Appendix B, § III(2)(d).

**[END CONFIDENTIAL INFORMATION]**

For this reporting period, pursuant to the modified methodology, AT&T compiled a list of fiber routes<sup>39</sup> that include PSAs where AT&T has deployed FTTP-based service or plans to deploy FTTP by June 30, 2017. Using the most recently available National Telecommunications & Information Administration (“NTIA”) broadband mapping data on schools and libraries, AT&T identified all of the E-rate eligible individual schools and libraries located within those

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<sup>38</sup> **[BEGIN CONFIDENTIAL INFORMATION]**

**[END CONFIDENTIAL INFORMATION]** underreporting in the January 25, 2016 and July 25, 2016 compliance reports. AT&T is submitting Exhibits 2.b, 2.c, 3.b and 3.c to update those compliance reports. In particular, Exhibits 2.b and 2.c each contain a supplemental list of Form 470s to which AT&T provided a bid to serve a covered school or library with 1 Gigabit FTTP Services during the 2015-2016 E-rate season that are covered by this Condition but were not included in the original filings, links to the FCC Form 470 associated with each such bid, and information about the monthly recurring charges and any special construction charges associated with each such bid. Exhibits 3.b and 3.c contain copies of the FCC Form 470s listed in Exhibits 2.b and 2.c, respectively.

<sup>39</sup> AT&T’s wire centers are divided into multiple fiber routes. Multiple PSAs make up a fiber route.

fiber routes,<sup>40</sup> which is approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] schools and libraries. Because multiple PSAs make up a fiber route, this methodology sweeps well beyond what the Condition requires.

As discussed in the sections that follow, AT&T has used this list of “covered schools and libraries” for purposes of responding to Form 470s seeking bids for 1 Gigabit FTTP Service.<sup>41</sup>

### **3. Process for Responding to Form 470s**

The existing E-rate sales team is responsible for responding to the Form 470s received from covered schools and libraries. AT&T has integrated the requirements of this Condition into the processes it uses in the ordinary course of business to respond to Form 470s, and has overlaid additional processes to ensure compliance with the Condition.

During the reporting period, the Working Team used the most recent list of covered schools and libraries identified using the methodology described above and compared these covered school and library addresses to the addresses listed for the E-rate school and library locations that have registered as participants in the E-rate program. AT&T searched the Universal Service Administrative Company (“USAC”) database for the Billed Entity Numbers

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<sup>40</sup> The NTIA data provide street addresses and latitude and longitude coordinates for U.S. schools and libraries as of June 2014. See National Broadband Map, *Download Data, US Community Anchor Institutions*, <http://www.broadbandmap.gov/data-download> (last visited Feb. 20, 2017). AT&T used the NTIA data to determine the fiber route in which each school and library resides.

<sup>41</sup> As explained in the Second Semi-Annual Compliance Report, AT&T has formally documented its mapping methodology for identifying covered schools and libraries within and contiguous to AT&T’s FTTP deployment, Second Semi-Annual Compliance Report at 18, and recently has updated it to reflect the modified methodology.

(“BENs”) for individual schools and libraries.<sup>42</sup> For each matching address, the BEN of the individual covered school and library was identified and captured. AT&T further researched the database to determine whether any such individual covered school or library location was part of a school district or library system (“Parent Entity”) that might itself file a Form 470 under which the individual covered school or library might purchase E-rate services and, if found, captured the Parent Entity BEN. AT&T then flagged all of the identified BENs, which was approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] BENs, and loaded them into the system used in AT&T’s ordinary course of business to respond to Form 470s. This system flags any of these BENs that post a Form 470 with a positive indicator, which is then reviewed to determine if the specifics of the request meet the Condition requirements.

For consortia, after a consortium posts a Form 470 it is necessary for AT&T to review the consortium’s Form 470 to determine the school districts or library systems that are members of that consortium, and then manually identify whether any individual covered school or library is a member of those school districts or library systems.

For the 2016-2017 E-rate season, AT&T used the list of BENs corresponding to individual covered school and libraries, school districts, and library systems, supplemented by the review of consortia Form 470s, to search for any Form 470 posted by these entities. Then, AT&T offered 1 Gigabit FTTP Service in response to any Form 470 seeking bids for 1 Gigabit

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<sup>42</sup> Universal Service Administrative Co., Schools and Libraries, Tools, Entity Download Tool, <https://data.usac.org/publicreports/EntityDownload/Entity/Download> (last visited Feb. 20, 2017).

FTTP Service filed by one of the BENs identified for the covered schools and libraries, school districts, library systems, or consortia.<sup>43</sup>

AT&T will continue to review and refine its processes for responding to Form 470s for covered schools and libraries based on its experience during this E-rate season.

#### **4. List of Schools and Libraries to which AT&T Has Provided Bids**

Exhibit 2.a contains a list of **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** Form 470s to which AT&T has, during the period from July 1, 2016 to December 31, 2016, provided a bid to serve a covered school or library with 1 Gigabit FTTP Services during the 2017 E-rate funding season that are covered by this Condition. Exhibit 2.a also contains links to the FCC Form 470 associated with each such bid, and information about the monthly recurring charges and any special construction charges associated with each such bid. Exhibit 3.a contains copies of the FCC Form 470s listed in Exhibit 2.a.

Above and beyond this Condition, AT&T has responded to E-rate Form 470s from covered schools and libraries that sought bids for fiber-based services that are not expressly covered by this Condition.<sup>44</sup> Detailed information about such bids and services is not included in this report.

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<sup>43</sup> As explained in AT&T's Second Semi-Annual Compliance Report, AT&T has formally documented its procedures for responding to bids from covered schools and libraries, Second Semi-Annual Compliance Report at 20, and recently has updated it to reflect the modified methodology.

<sup>44</sup> For example, AT&T identified and responded to Form 470s, posted during the reporting period, for AT&T to provide broadband internet access services above 1 Gbps speeds to covered schools and libraries, including **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

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## **5. Total Deployment and CSV File**

The Condition requires AT&T to provide information about “each school or library location to which Gigabit FTTP Service has been deployed in satisfaction of this deployment condition.” As explained above and in AT&T’s Second Semi-Annual Compliance Report, the E-rate fiscal year and contracts for 1 Gbps FTTP service awarded under the E-rate program run from July 1st to June 30th, and service providers thus cannot begin to provide E-rate supported service until July 1st.<sup>45</sup> Under the Commission’s procedures, an eligible school or library may post a Form 470 each fiscal year until approximately March/April (extended during the 2016 funding year), seeking bids for a contract that typically would begin no sooner than the following July 1st. Thus, this reporting period covers any deployment pursuant to this Condition for the 2016 funding year because AT&T will begin providing service on or after July 1, 2017 for any contracts awarded during the 2016-2017 E-rate season. As of December 31, 2016, AT&T has not installed any 1 Gigabit FTTP Service internet access contracts covered by this Condition. Accordingly, AT&T does not have any data to report in response to the reporting requirement set forth in the Condition and has not included in this report a CSV file for the E-rate Condition.

There are multiple reasons why AT&T may have few, if any, reportable deployments of 1 Gigabit FTTP Service during a reporting period. For example, AT&T faces competition from other private internet access service providers and may not have been chosen as the internet

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<sup>45</sup> See Second Semi-Annual Compliance Report at 21.



access provider. In addition, in several states, internet access to schools and libraries is provided by a state agency or consortium, and as a practical matter schools and libraries are not interested in purchasing internet access directly from a private service provider. To the extent AT&T is chosen as the internet access provider, the school or library may choose to utilize service at a speed either above or below 1 Gigabit. And even if the covered school or library purchases internet access from AT&T and elects to install 1 Gigabit FTTP Service, the customer may require that service to be delivered at a location or locations that are not within or contiguous to AT&T's FTTP deployment.

## **6. Outreach**

AT&T has an existing sales channel responsible for larger state and local government, education, and healthcare ("GEH") customers, including schools and libraries. AT&T also has a separate sales channel responsible for smaller local government, education, and medical ("LGEM") customers, again including schools and libraries. AT&T's GEH and LGEM sales teams provide information about available E-rate products and services to potential customers in the ordinary course of business.

Building on AT&T's established efforts to make prospective school and library customers aware of the opportunity to purchase E-rate services, AT&T has implemented additional outreach to inform covered schools and libraries about AT&T's 1 Gigabit FTTP Service offer pursuant to this Condition. As described below, AT&T is reaching out to schools and libraries within AT&T's wireline footprint by further disseminating information at technology conferences and events within AT&T's wireline footprint; providing information

about its 1 Gigabit FTTP Services to all schools and libraries to which AT&T has won a bid to provide service through the E-rate program; and via direct mail and email.

*Technology Events:* AT&T conducts outreach to schools and libraries regarding E-rate today through a variety of avenues, such as presentations at technology fairs, school visits, and other special events, as well as materials distributed by AT&T's marketing organization and by its sales teams. AT&T is leveraging these existing avenues to encourage covered schools and libraries to seek bids for the 1 Gigabit FTTP Services AT&T offers pursuant to this Condition. AT&T attended 11 technology conferences in the second half of 2016 and estimates a combined total of approximately 9,000 educators attended these events.<sup>46</sup> AT&T has identified 10 technology conferences at which AT&T plans to have a presence in the first half of 2017.

*E-rate Services Welcome Package:* When AT&T receives a Funding Commitment Decision Letter from USAC for the 2016 funding year with respect to any E-rate eligible service, AT&T sends a welcome package email and instructions to the E-rate customer with information about AT&T's E-rate products and services. AT&T has added information about the 1 Gigabit FTTP Service in this welcome email stating that: "AT&T is pleased to inform you that we are expanding our fiber based Internet Access services into new areas every day. AT&T may have an FTTP Internet Access service with high-broadband capacity, including 1G in your area." The

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<sup>46</sup> Exhibit 5 contains a list of the technology conferences and events that AT&T attended in the second half of 2016 and a preliminary list of the technology conferences and events at which AT&T plans to have a presence in the first half of 2017. AT&T will continue to identify additional events as they are scheduled throughout the year. Exhibit 6 is a sample of the promotional flyer that AT&T distributes to prospective E-rate customers at these events.

welcome email further includes a link to the AT&T E-rate website and an online form to request information.<sup>47</sup>

*Direct Mail and Email Outreach:* On or about October 7, 2016, AT&T commenced outreach for the next E-rate fiscal year beginning July 1, 2017.<sup>48</sup> As part of this outreach, AT&T sent new direct mail communications to all schools and libraries in AT&T's wireline footprint. In total, AT&T sent the direct mail communication to over **[BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION]** schools and libraries. During the next reporting period, AT&T plans to send follow-up email communications, to the extent AT&T has valid email addresses for the school and library representatives.

### **III. NON-DISCRIMINATORY USAGE-BASED PRACTICES**

#### **A. STATEMENT OF THE CONDITION**

##### **1. Condition**

- a. In the application of usage-based allowances or other retail terms and conditions for Fixed Broadband Internet Access Service, the Company shall not discriminate in favor of its own Video Programming Service, including Company-operated online Video Programming service or any Company "TV Everywhere" service (whether operated by AT&T's U-verse service, DIRECTV, or the equivalent), or any content or application available through its own Video Programming services, including through the exemption of one or more of its own Video Programming services from usage-based allowances. For the avoidance of doubt and

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<sup>47</sup> See AT&T, AT&T E-rate, Contact an Expert, [www.att.com/internetinfo](http://www.att.com/internetinfo) (last visited Feb. 20, 2017).

<sup>48</sup> A sample copy of the direct mail notice is attached as Exhibit 4.

consistent with such prohibition, this condition does not prohibit the Company from offering discounts for integrated bundles of the Company's U-verse or DIRECTV satellite Video Programming service or rebranded offerings of these services with the Company's Fixed Broadband Internet Access Services.

**2. Reporting**

- a. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on a semi-annual basis that details its compliance with this condition, with the first such report to be submitted six (6) months after the Closing Date, which will include at least the following: a description of all terms and conditions associated with its usage-based allowances and any other information the Independent Compliance Officer determines is reasonably necessary to report as required by this condition.

**B. COMPLIANCE REPORT**

**1. Introduction and Working Team**

AT&T has a Working Team that oversees and coordinates compliance with the Non-Discriminatory Usage-Based Practices Condition. The Working Team is composed of officers and senior managers who, in the ordinary course of business, oversee the development of AT&T's retail terms and conditions for its Fixed Broadband Internet Access Service. AT&T's businesses are subject to a wide variety of regulatory requirements and, in the ordinary course of business, AT&T has developed processes to ensure that proposals that may implicate such regulations are subject to review before AT&T proceeds to any marketplace actions. AT&T is using similar procedures to implement and ensure full compliance with this Condition. As previously explained, AT&T also has conducted training sessions regarding the requirements of this Condition for personnel involved in the development of the products and services covered by the Condition, including Working Team members, company officers, senior-level managers,

attorneys, and new personnel.<sup>49</sup> As required by the Condition, in the application of usage-based allowances or other retail terms and conditions for Fixed Broadband Internet Access Service, AT&T has not discriminated in favor of its own Video Programming Service. Accordingly, AT&T has been in full compliance with this Condition during the time period covered in this report.

## **2. Terms and Conditions Associated with AT&T's Usage-Based Allowances**

AT&T has established monthly usage allowances for its internet access services. The usage allowances specify the amount of data that can be used in a customer's monthly billing cycle before overage usage charges are assessed. AT&T established new usage allowances during this reporting period, and the details of both the new and prior allowances are provided below. Effective August 21, 2016, the current monthly usage allowances are:

- 150 GB for AT&T DSL service
- 1 TB for AT&T Internet<sup>50</sup> for speed tiers between 768 kbps and 300 Mbps
- Unlimited usage for AT&T Internet service for speed tier of 1 Gbps
- Unlimited usage is available on AT&T Internet service for \$30/month, or for customers bundling new or existing AT&T Internet service with their new or existing AT&T video (DIRECTV or U-verse TV) services on a combined bill at no additional charge (a discount of \$30/month as a benefit of bundling)

Prior to August 21, 2016, the usage allowances were as follows:

- 150 GB for AT&T DSL service
- 300 GB for AT&T Internet service for speed tiers between 768 kbps and 6 Mbps
- 600 GB for AT&T Internet service for speed tiers between 12 Mbps up and 75 Mbps
- 1 TB for AT&T Internet service for speed tiers between 100 Mbps and 1 Gbps

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<sup>49</sup> First Semi-Annual Compliance Report at 31; Second Semi-Annual Compliance Report at 26.

<sup>50</sup> AT&T Internet was formally known as AT&T U-verse High Speed Internet.

- Unlimited usage is available on AT&T Internet service for \$30/month, or for customers bundling new or existing AT&T Internet service with their new or existing AT&T video (DIRECTV or U-verse TV) services on a combined bill at no additional charge (a discount of \$30/month as a benefit of bundling)

AT&T uses the following procedures, under which a customer typically receives at least seven email notifications before the customer is billed for any usage above the data plan's allowance.<sup>51</sup> The first time a subscriber's usage exceeds the data plan, she receives an email notification describing the usage measurement plan and process, informing her that she will not be billed for the usage, and providing a link to the usage website. In a subsequent monthly billing cycle in which a customer's usage level approaches the data allowance under the plan for the second time, AT&T sends the customer grace email notifications when her usage reaches 65 percent, 90 percent, and 100 percent of the usage threshold. These grace notifications inform the customer that she is now in her second month of overage usage and will not be billed during this grace period. These grace notifications again contain a link to the usage website. In a subsequent billing cycle in which a customer's usage level approaches the data plan allowance for the third time, AT&T sends billing email notifications when her usage reaches 65 percent, 90 percent, and 100 percent of the usage threshold. These billing notifications contain a link to the usage website and inform the customer that she is in her third month of overage usage and will be billed after exceeding her usage allowance. At this point, AT&T assesses overage charges for customers at a rate of \$10 for each 50 GB of usage over the monthly allowance, up to a

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<sup>51</sup> This process does not apply to customers who have unlimited data since there is no monthly data allowance to which a customer could potentially exceed. **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**

maximum of \$100. In any subsequent month in which the customer's usage exceeds the threshold and the customer incurs overage billing, AT&T sends billing email notifications to the customer when her usage reaches 75 percent and 100 percent of each overage bucket.

AT&T provides information regarding its usage allowances on its publicly accessible website at [www.att.com/internet-usage](http://www.att.com/internet-usage), and customers may view additional information regarding usage through the AT&T Internet Terms of Service.<sup>52</sup> AT&T also provides customers with access to various online tools to help them understand and track their data usage, including data calculators, FAQs, usage tracking reports, and instructional videos. Customers also are provided information about the usage allowances, charges, and practices through AT&T's advertising disclosures, order summaries, online registration website, and bills. Additional information about the network practices, performance characteristics, and commercial terms of AT&T's broadband internet access services is available at <http://www.att.com/broadbandinfo>. Customers also can check their data usage anytime on AT&T's online portal.

Exhibit 7 contains additional information on, and examples of, the publicly available material and resources regarding AT&T's usage allowance practices. These include AT&T's High Speed Internet Terms of Service (in effect from July 1, 2016 to October 22, 2016) and AT&T Internet Terms of Service (in effect from October 23, 2016 to December 31, 2016); sample letters to consumers describing updates to customer's home internet data allowance;

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<sup>52</sup> AT&T, AT&T Internet Terms of Service / att.net Terms of Use for Internet Service(s), <https://www.att.com/shop/internet/att-internet-terms-of-service.html> (last visited Feb. 20, 2017). *See also* Exhibit 7.a.ii, AT&T Internet Terms of Service (in effect from October 23, 2016 to December 31, 2016).

AT&T's public blog announcement of the updates; and screenshots of AT&T's Online Data Calculator, Consumer Web Portals, and Order Summary pages.

**3. Procedures for Reviewing Usage-Based Allowances and Other Offers Implicating the Condition**

AT&T has procedures to review all new products and offers relating to its Fixed Broadband Internet Access Service in the early stages of product development to ensure that terms and conditions of those products and offers comply with the Non-Discriminatory Usage-Based Practices Condition. In the ordinary course of business, AT&T has robust procedures in place to review all new offers, pricing and product enhancements related to Fixed Broadband Internet Access Service to confirm compliance with legal and regulatory requirements. AT&T has incorporated into these existing procedures an additional review to ensure compliance with the Non-Discriminatory Usage-Based Practices Condition.

In particular, AT&T has an established intake process for review and approval of new products and product enhancements. AT&T has incorporated a step in each of these processes to ensure that relevant changes in the retail terms and conditions of its Fixed Broadband Internet Access Services are reviewed for compliance with the Condition. As part of these processes, Working Team Leaders and AT&T Legal receive periodic reports of proposed offers, pricing, and new products and product enhancements and will review such proposals to ensure they comply with the Condition.

In addition, AT&T has established processes to ensure that all usage-based allowances associated with its Fixed Broadband Internet Access Service comply with the Condition. Certain Working Team members are responsible in the ordinary course of business for developing or modifying any usage-based allowances AT&T might offer in conjunction with Fixed Broadband



Internet Access Services. All such personnel must notify the Working Team Leaders of any proposed usage-based allowance offers, as well as seek the guidance of the Program Management Team and AT&T Legal to ensure compliance with the Condition, before proceeding to introduce any such offer in the marketplace.

#### **IV. DISCOUNTED BROADBAND SERVICES PROGRAM**

##### **A. STATEMENT OF THE CONDITION**

##### **1. Condition**

Within nine (9) months of the Closing Date, the Company shall establish and commence a program to substantially increase broadband adoption in low-income households throughout AT&T's wireline footprint (the "Discounted Broadband Services Program").

- a. The Company shall offer wireline Broadband Internet Access Service with download speeds of at least 10 Mbps, where technically available, to qualifying households in the Company's wireline footprint for no more than \$10 per month. If 10 Mbps wireline Broadband Internet Access Service is not technically available, the Company shall offer wireline Broadband Internet Access Service with download speeds of at least 5 Mbps, where technically available, to qualifying households in the Company's wireline footprint for no more than \$10 per month.
- b. Where AT&T has deployed broadband service at top speeds below 5 Mbps, the Company shall offer wireline Broadband Internet Access Service at speeds of at least 3 Mbps, where technically available, to qualifying households in the Company's wireline footprint for no more than \$5 per month.
- c. Qualifying households are those where at least one individual participates in the Supplemental Nutrition Assistance Program ("SNAP"), subject to annual recertification, and that do not have outstanding debt for AT&T's Fixed Broadband Internet Access Services that was incurred within the six (6) months prior to the individual's request for services under the Discounted Broadband Services Program or that is incurred for services provided under

- the Discounted Broadband Services Program and that is subject to the Company's ordinary debt collection procedures.
- d. The Company shall offer the discounts set forth in this condition for at least four (4) years from the commencement of the Discounted Broadband Services Program. Qualifying households who sign up for the Discounted Broadband Services Program in the fourth year of the Discounted Broadband Services Program shall remain eligible for at least twelve (12) months.
  - e. Qualifying households shall not be required to pay any installation or modem charges or fees in order to participate in the Discounted Broadband Services Program.
  - f. For the period during which this condition is in effect, the Company shall clearly and conspicuously market the Discounted Broadband Services Program, including but not limited to undertaking the following actions:
    - (i) Providing on the Company's consumer-facing homepage a link to a webpage devoted to describing the Discounted Broadband Services Program; and
    - (ii) Ensuring that the Company's Customer Service Representatives are trained prior to the commencement of the program to inform consumers of the availability of the Discounted Broadband Services Program offerings, including pricing, and terms and conditions as described in this condition.
  - g. The Company shall effectively engage in targeted outreach efforts, in coordination with schools and community-based organizations serving low-income individuals and families, including, but not limited to veterans, the elderly, and those who are non-English speaking, to adequately publicize the availability of the Discounted Broadband Services Program, to ensure that qualified individuals and households are informed about and have access to the program. The Company shall make adjustments to its outreach efforts in response to reasonable requests from the Commission's Office of General Counsel and, at a minimum, shall take the following actions during each year that the program is in effect:

- (i) Promote the Discounted Broadband Services Program, including through public service announcements that shall have a minimum annual value of \$15 million.
  - (ii) Distribute Discounted Broadband Services Program information to at least twenty (20) organizations that work with low-income communities on a national and local level.
  - (iii) Coordinate with state education departments and local school districts, including requesting that all school districts within the Company's wireline footprint include information about the Discounted Broadband Services Program with their communications to families in advance of the school year, including in each communication relating to the National School Lunch Program ("NSLP"), as feasible and appropriate, to ensure that families that qualify for the NSLP are informed about the Discounted Broadband Services Program at the beginning of the school year and have the opportunity to register.
  - (iv) Provide appropriate promotional and collateral materials to all public school districts within the Company's wireline footprint and requesting that the materials be included in NSLP mailings.
  - (v) Educate school professionals about the Discounted Broadband Services Program, including by conducting outreach to various education-related associations such as parent-teacher associations and associations representing guidance counselors and social workers, in order to reach those who are most likely to work closely with students and families.
- h. Prospective participants shall be directed to a Company phone number dedicated to the Discounted Broadband Services Program to verify eligibility. Qualifying callers shall be transferred to a centralized order-entry center.
- i. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on a semi-annual basis that includes a description of the Company's compliance with the condition, with the first such report to be submitted six (6) months after the Closing Date. The report shall at least include the following:

- (i) The total number of households participating in the Discounted Broadband Services Program;
- (ii) A detailed description of outreach efforts made during the reporting period to publicize the Discounted Broadband Services Program to schools and community-based organizations, including a list of the community-based organizations participating, and representative examples of the promotional and collateral materials provided; and
- (iii) An analysis of the effectiveness of the Discounted Broadband Services Program, describing any adjustments the Company has implemented during the reporting period or plans to implement to improve its effectiveness.

## **B. COMPLIANCE REPORT**

### **1. Introduction & Working Team**

On April 22, 2016, AT&T launched the Discounted Broadband Services Program, branded *Access from AT&T*.<sup>53</sup> The Program's launch was praised by public interest organizations and other stakeholders as an affordable broadband option for low-income individuals and families.<sup>54</sup> AT&T's extensive outreach initiative has been met with overwhelming support from national, state and local public and private organizations. As of December 31, 2016, about 630 organizations have agreed to help promote the Program. Now eight months since launch, the Program has been connecting even more low-income Americans to the internet and helping to bridge the digital divide. Indeed, the Program has almost ten times

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<sup>53</sup> The Condition required AT&T to establish and commence the Program within nine months of the Closing Date — on or before April 22, 2016. *Merger Order*, Appendix B, § VI(2).

<sup>54</sup> See Second Semi-Annual Compliance Report at 46-48.

the number of participants since the prior reporting period. As described below, AT&T has further plans to facilitate the Program's success and expansion.<sup>55</sup>

This report provides a detailed description of AT&T's implementation of the Discounted Broadband Services Program during the reporting period, including: (i) discounted broadband service offerings and eligibility criteria, (ii) number of participating households, (iii) marketing, (iv) outreach efforts, participating community-based organizations, and examples of promotional and collateral materials provided, and (v) an analysis of the effectiveness of the Program. As discussed below, AT&T's implementation, promotion, and operation of *Access from AT&T* is in full compliance with this Condition.

## **2. Broadband Service Offered and Qualifying Households**

AT&T is offering *Access from AT&T* service plans for wireline Broadband Internet Access Service at the download speeds and prices specified in the Condition. As required by the Condition, AT&T is offering the following service tiers and prices for the Discounted Broadband Service, where technically available:

- 10 Mbps for \$10/month;
- if 10 Mbps is not technically available, then 5 Mbps for \$10/month; or
- if 5 Mbps is not technically available, then 3 Mbps (where technically available) for \$5/month.

In addition, during the reporting period, AT&T expanded eligibility under the *Access from AT&T* program to include qualifying households that are unable to receive internet speed tiers of 3

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<sup>55</sup> AT&T has a Working Team to implement this Condition. This Working Team includes AT&T senior managers who, in the ordinary course of business, lead the development, promotion, and operation of AT&T's broadband internet access services. All members of this Working Team have been trained to understand what is required by this Condition.

Mbps and above. As of October 2, 2016, if a 3 Mbps speed tier is not technically available, AT&T is offering the faster of 1.5 Mbps or 768 kbps where technically available for \$5/month.

As explained in the Second Semi-Annual Compliance Report, AT&T operates a dedicated call center for *Access from AT&T* for a prospective participant to apply for the Program.<sup>56</sup> Agents at the dedicated call center both (1) verify whether the customer is eligible to participate in the Discounted Broadband Services Program and (2) coordinate service installation, including determining what services are technically available at that customer location.

With respect to program eligibility, call center agents send, via regular mail, an application for the prospective participant to complete to verify that the applicant's household contains at least one member who participates in SNAP.<sup>57</sup> AT&T also has made the application available online. Customers may submit applications, together with supporting documentation to verify participation in SNAP (such as a copy of their SNAP cards), online, or via email, fax, or U.S. mail.<sup>58</sup>

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<sup>56</sup> See Second Semi-Annual Compliance Report at 35. In addition to English- and Spanish-speaking agents at the Program's dedicated call center, AT&T supports additional languages by engaging Language Line services. Language Line provides live agent translation for over 240 languages. Agents at the dedicated call center are able to conference in a Language Line representative who provides real-time translation between the agent and the customer.

<sup>57</sup> As of July 21, 2016, *Access from AT&T* extended eligibility to include California residents who participate in the California Supplemental Security Income ("SSI") program as an alternative to SNAP eligibility.

<sup>58</sup> AT&T, Shop, Internet, Access from AT&T, at Step 2, <https://www.att.com/shop/internet/access/index.html#/> (last visited Feb. 20, 2017) ("*Access from AT&T Website*").

Agents review the application and supporting documentation for completeness. Upon completion of this review, AT&T by mail notifies applicants whether their applications have been approved, and, if so, provides them instructions on how to contact the dedicated call center to order service. If an applicant's application has been denied, AT&T provides the reasons for that denial, which among other things may be due to lack of supporting documentation, failure to provide all information requested on the application, or failure to sign the application.

Applicants whose applications have been approved must call directly into the dedicated call center, where agents confirm which service tier – *i.e.*, 10 Mbps at \$10, 5 Mbps at \$10, 3 Mbps at \$5, or 1.5 Mbps or 768 kbps at \$5 – is available at the prospective participant's location.<sup>59</sup>

Specifically, the agents have a loop qualification tool that permits them to enter an address and determine the services and speeds available at that location.<sup>60</sup> A prospective participant can also check service availability online for a preliminary determination.<sup>61</sup> The agent then processes a service order, which includes an automatic credit check. For the Discounted Broadband Services Program, AT&T **[BEGIN CONFIDENTIAL INFORMATION]**

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<sup>59</sup> AT&T offers services under this Program wherever such services are technically available, as required by the Condition. As AT&T explained in the First Semi-Annual Compliance Report, there are a small number of DAs in which AT&T has not deployed broadband internet access services, and in the DAs in which AT&T has deployed legacy DSL services, there are a limited number of locations at which AT&T cannot offer any internet access service to additional customers, and thus services for the Program are not "technically available" in those areas. *See* First Semi-Annual Compliance Report at 38.

<sup>60</sup> **[BEGIN CONFIDENTIAL INFORMATION]**

**[END CONFIDENTIAL**

**INFORMATION]**

<sup>61</sup> *Access from AT&T Website at Step 1.*

[END CONFIDENTIAL INFORMATION], so that all qualifying prospective participants<sup>62</sup> may obtain broadband service.

Finally, as required by the Condition, AT&T does not assess any installation or modem charges in order to participate in the Discounted Broadband Services Program.<sup>63</sup> AT&T sends customers who have completed the ordering process a self-installation kit, with a router and user-friendly installation instructions. Instructions are available in English and Spanish. As an alternative to the self-installation process, AT&T will send a technician to the customer's location at no cost to the customer.

### **3. Number of Households Participating**

As of December 31, 2016: (i) a total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] qualifying households have subscribed to *Access from AT&T*, and (ii) AT&T is providing discounted broadband service through the Program to [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] households.

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<sup>62</sup> *Merger Order*, Appendix B, § VI(2)(c) (“Qualifying households are those . . . that do not have outstanding debt for AT&T’s Fixed Broadband Internet Access Services that was incurred within the six (6) months prior to the individual’s request for services provided under the Discounted Broadband Services Program and that is subject to the Company’s ordinary debt collection procedures.”).

<sup>63</sup> AT&T otherwise applies its existing terms and conditions in conjunction with these services. Thus, for example, *Access from AT&T* service plans are subject to the monthly usage allowances described above, including the grace period and notifications provided to customers before they are billed for any usage above an applicable monthly usage allowance. Likewise, as with all of AT&T’s wireline broadband internet access services, AT&T will repair or replace damaged equipment as AT&T deems necessary, except where the customer owns the equipment or the equipment is damaged due to the customer’s intentional acts or negligence as determined by AT&T.



#### **4. Marketing**

*Website:* AT&T is marketing the Discounted Broadband Services Program by prominently displaying on its customer-facing homepage a link to a webpage, att.com/access, that describes the Program and encourages prospective participants to call a toll-free number to obtain more information about AT&T's Discounted Broadband Services.<sup>64</sup> The *Access from AT&T Website* clearly lays out step-by-step instructions how a prospective participant can check to see if AT&T broadband is available at her location; determine whether she qualifies for the Program if service is available; and how she can request service.<sup>65</sup> There also is a location on the page where the prospective participant can enter her street address, apartment/unit number, and zip code to get preliminary feedback on service availability.<sup>66</sup> As discussed below, AT&T has partnered with numerous third parties to raise public awareness of *Access from AT&T*, and established a partner portal, accessible from a link on the *Access from AT&T Website*, where participating organizations that are engaged in communications and outreach can access promotional materials, application materials, email and social media templates, and other resources to help share information about the Program with their constituents.<sup>67</sup>

During this reporting period, the ICO observed that inexperienced internet users may not know how to easily find the *Access from AT&T Website* and that an entry of “discount” into the

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<sup>64</sup> AT&T, Shop, Access from AT&T, <https://www.att.com/> (last visited Feb. 20, 2017).

<sup>65</sup> *Access from AT&T Website*.

<sup>66</sup> *Id.* at Steps 1-3.

<sup>67</sup> *Id.* at For Our Partners.

search engine did not list the program within the first several hundred hits.<sup>68</sup> Currently, the *Access from AT&T* link is featured prominently on the AT&T consumer-facing homepage under the “Shop” section along with all other AT&T services and on the AT&T “Internet” homepage listed with the other internet services.<sup>69</sup> During the reporting period, AT&T enhanced the search engine optimization tags on the webpage to improve the search results for terms related to discounted internet to make it even easier to access the dedicated webpage from AT&T’s website as well as external search engines like Google.

*Toll-Free Numbers:* AT&T has English and Spanish toll-free numbers (English: 855.220.5211; Spanish: 855.220.5225) that are dedicated to the Discounted Broadband Services Program. In addition, AT&T is supplementing the dedicated toll-free numbers with additional numbers for targeted marketing and to track the effectiveness of its outreach efforts. These numbers are directed to the dedicated call center.

*Training Customer Service Representatives:* AT&T has built upon its existing customer care training programs to implement a specialized training program for the Discounted Broadband Services Program. In addition to the initial awareness training described in the Second Semi-Annual Compliance Report,<sup>70</sup> AT&T is offering ongoing refresher trainings to ensure Customer Service Representatives are aware of the new Discounted Broadband Services Program and the dedicated call center, and know how to transfer customers to the dedicated call

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<sup>68</sup> ICO Second Report at 47-48.

<sup>69</sup> See AT&T, <https://www.att.com/> (last visited Feb. 20, 2017); AT&T, Internet, <https://www.att.com/internet/> (last visited Feb. 20, 2017).

<sup>70</sup> See Second Semi-Annual Compliance Report at 38.

center for information about the availability, prices, terms and conditions of the Program. As recommended by the ICO,<sup>71</sup> AT&T has continued to improve the training and monitoring of its Customer Service Representatives, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY  
CONFIDENTIAL INFORMATION]**

## **5. Outreach and Awareness**

Personnel throughout AT&T are promoting *Access from AT&T* through the multi-pronged outreach program required by the Condition.

*Public Service Announcements:* AT&T is promoting the Discounted Broadband Services Program, including through public service announcements that will have a minimum annual value of \$15 million, as required by the Condition. AT&T is advertising *Access from AT&T* through a variety of channels, including Broadcast TV and radio, local newspapers, StateNets Radio,<sup>72</sup> social media, direct mailings, and local out of home mediums, such as convenience store posters and Walmart checkout screens.

As discussed further below, AT&T also is marketing to Cricket customers, Dollar General Store patrons, and U.S. Department of Housing and Urban Development (“HUD”)

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<sup>71</sup> ICO Second Report at 48-49.

<sup>72</sup> StateNets Radio is a network comprised of over 1,800 radio stations across the country providing regional coverage outside of Metro Survey Areas.

public housing residents where AT&T provides service.<sup>73</sup> In October and December 2016, AT&T sent about [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] direct mail notices about the Program to select Cricket customers. AT&T's Dollar General campaign ran from June through July 2016 and September through December 2016. As part of the campaign, the *Access from AT&T* offer displayed on receipts when a SNAP EBT card was used to pay for purchases. In total, the Dollar General campaign generated over [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] printed receipts promoting *Access from AT&T* and resulted in almost [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] calls from potential participants in the Program as of December 25, 2016. In November 2016, AT&T also sent a direct mailing about *Access from AT&T* to about [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] HUD public housing addresses where AT&T provides service.

*Distribute Information to 20 Organizations:* AT&T Public Affairs and External Affairs field personnel, with support from national non-profit organizations EveryoneOn and Connected Nation, are conducting a targeted outreach effort directed at national, state, and local private, government and quasi-governmental organizations serving low-income individuals and families – including households with school children, veterans, the elderly, non-English-speakers, and minorities. These field teams are utilizing their extensive set of national, state, and local contacts

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<sup>73</sup> Samples of these marketing materials are provided in Exhibit 9.

to ensure that outreach efforts sweep broadly across AT&T's 21-state wireline footprint. As of December 31, 2016, AT&T, Everyone On, and Connected Nation have reached a total of more than 1,200 organizations; and about 630 organizations have agreed to promote the Program among the populations they serve.<sup>74</sup> These organizations may obtain promotional and collateral materials through AT&T's online partner portal, including: a promotional flyer, FAQ, checklist of materials needed to complete the application, a sample application, email templates, a poster, a promotional video, and the program launch press release and social media verbiage.<sup>75</sup> Promotional materials are available in seven languages.<sup>76</sup> Partner organizations have printed or downloaded about 3.3 million pieces of collateral as of December 31, 2016. Set forth below are additional details about these outreach efforts.

At the state and local level, each of the 21 AT&T External Affairs state teams continued to implement unique state-level plans for outreach to targeted organizations across AT&T's wireline footprint and encouraged those groups to become ambassadors for *Access from AT&T*. As of December 31, 2016, AT&T has provided information about *Access from AT&T* to about 630 community-based organizations that AT&T's External Affairs state teams identified as potential outreach partners.

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<sup>74</sup> A list of organizations that have agreed to promote the Program is provided in Exhibit 8. Of the approximately 630 organizations, 145 organizations were added to the list during this reporting period.

<sup>75</sup> Samples of these collateral materials are provided in Exhibit 9.

<sup>76</sup> Exhibit 9 contains the current collateral for non-English language materials. AT&T updated the non-English collateral during the reporting period to reflect the expanded eligibility described above (*i.e.*, additional speed tiers and SSI eligibility in California) and to revise the disclaimers consistent with the updated English language materials. AT&T has provided both the discontinued and the current versions of these collateral materials to the ICO.

As explained in the Second Semi-Annual Compliance Report, AT&T also established a partnership with EveryoneOn to conduct outreach to local and national partners that will, in turn, share information with their constituents or host *Access from AT&T* enrollment events, as well as to conduct outreach to school districts in the AT&T 21-state wireline footprint.<sup>77</sup> As of December 31, 2016, about 579 national organizations and local stakeholders have received *Access from AT&T* information from EveryoneOn, including targeted state and local organizations and EveryoneOn enrollment partner organizations across various cities in AT&T's 21-state wireline footprint.<sup>78</sup>

External Affairs state teams also have discussed Program information with 17 state SNAP offices across the AT&T 21-state wireline footprint. Several SNAP offices showed an interest in promoting the Program but, to date, only one SNAP office has provided details on its activities. It is distributing flyers to its county offices where AT&T provides service.

At the national level, AT&T's Public Affairs team has targeted 24 national organizations as potential outreach partners. As of December 31, 2016, 20 national organizations have agreed to assist AT&T in promoting the Program through social media, email blasts, conference workshops, newsletter ads and other special events.

On September 7, 2016, HUD and AT&T announced a collaboration whereby AT&T became a national stakeholder in HUD's ConnectHome Initiative.<sup>79</sup> ConnectHome is a "public-

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<sup>77</sup> Second Semi-Annual Compliance Report at 41.

<sup>78</sup> Samples of these collateral materials are provided in Exhibit 9.

<sup>79</sup> Press Release, U.S. Department of Housing and Urban Development (HUD), *HUD and AT&T Join Forces to Narrow the Digital Divide* (Sept. 7, 2016),

Footnote continued on next page

private effort designed to help connect low-income families living in HUD-assisted housing to low-cost internet service.”<sup>80</sup> As part of AT&T’s participation, AT&T will conduct 30 program awareness and enrollment events across 15 ConnectHome pilot communities within the AT&T 21-state wireline footprint by the end of 2017.<sup>81</sup> The events help inform HUD-assisted households about *Access from AT&T* and provide assistance with signing up for the Program. A kick-off event was held in Los Angeles, California, with HUD Secretary Julián Castro and Los Angeles Mayor Eric Garcetti serving as keynote speakers, along with other local officials attending. In addition to the kickoff event in Los Angeles, events have been held in Albany, Georgia; Atlanta, Georgia; Baton Rouge, Louisiana; Cleveland, Ohio; Little Rock, Arkansas; Macon, Georgia; New Orleans, Louisiana; Rockford, Illinois; and San Antonio, Texas. AT&T plans to conduct the remaining 20 events in 2017. AT&T also will provide up to 100 “Udacity Nanodegree” program scholarships to select participants in designated HUD communities.<sup>82</sup>

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Footnote continued from previous page

[http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2016/HUDNo\\_16-131](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2016/HUDNo_16-131) (“HUD Press Release”). *See also* Exhibit 9.

<sup>80</sup> HUD Press Release.

<sup>81</sup> These communities include the following: Albany, Georgia; Atlanta, Georgia; Baton Rouge, Louisiana; Choctaw Nation, Oklahoma; Cleveland, Ohio; Fresno, California; Kansas City, Missouri; Los Angeles, California; Little Rock, Arkansas; Macon, Georgia; Memphis, Tennessee; Nashville, Tennessee; New Orleans, Louisiana; Rockford, Illinois; and San Antonio, Texas. *Id.*

<sup>82</sup> Nanodegree programs are self-paced, online curricula that provide students in-demand skills to help obtain tech-related jobs. Courses help students and job-seekers develop skills in areas such as web development, mobile development and data analytics. *Id.* The eligibility requirements for determining Udacity Nanodegree scholarship awardees is scheduled to be completed by the end of the first quarter of 2017.

As described in AT&T's Second Semi-Annual Compliance Report, AT&T has an agreement with a non-profit organization, Connected Nation, to serve as a resource to partner organizations that have agreed to help promote the Program.<sup>83</sup> Connected Nation's partner organizations have conducted a wide array of outreach activities, including among others, distributing information about the program at events, sending newsletters, posting on social media and website, hosting digital literacy events, and sending information via direct mail and email. As of December 31, 2016, Connected Nation's partner organizations, which collectively support over 1.8 million consumers, have sent over 89,120 e-newsletters with information about the Program, distributed about 2,900 printed newsletters, distributed information at events with approximately 28,250 attendees, and have had nearly 60,500 social media impressions.<sup>84</sup> During the reporting period, Connected Nation continued to manage information and collateral requests from third-party organizations, including responding to email inquiries and maintaining a dedicated phone number specific to the Program. Connected Nation is surveying the organizations participating in the Program to learn what promotional activity has occurred, and is providing progress reports and data to AT&T on such outreach efforts.<sup>85</sup>

*Coordination with and Distribution of Promotional and Collateral Materials to State Education Departments and School Districts:* AT&T's GEH sales channel, AT&T External Affairs, and AT&T's Corporate Social Responsibility team are each continuing to assist with

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<sup>83</sup> Second Semi-Annual Compliance Report at 42.

<sup>84</sup> Samples of these collateral materials are contained in Exhibit 10.

<sup>85</sup> A Connected Nation report for the period ending December 31, 2016 is provided in Exhibit 10.



outreach to promote *Access from AT&T* to school districts and education professionals.<sup>86</sup> Specifically, as of December 31, 2016, GEH and External Affairs have contacted all 21 state departments of education (“DOE”) in AT&T’s wireline footprint. While AT&T has received specific feedback from most, there are a couple of DOEs that have not responded to AT&T’s contacts. Likewise, most of the state DOEs are not actively promoting the Program. This is due to a variety of reasons, such as they do not normally assist third parties, they would prefer AT&T worked directly with the schools, or they do not support any single carrier’s program. However, a few of the DOEs have been receptive to assisting. In addition to what was previously reported, one department requested flyers to be distributed.

As discussed above, EveryoneOn, which staffs a significant number of regional employees in areas of high SNAP participation, has and will be continuing to coordinate with local school district contacts and community-based organizations with ties into schools to share information about the Program. As of December 31, 2016, EveryoneOn has sent targeted emails to all school districts within the AT&T 21-state wireline footprint, has hosted 3 webinars, conducted 51 presentations, and hosted 12 enrollment events educating school professionals on the Program, and has sent an email to 4,640 school districts to coordinate efforts to promote the

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<sup>86</sup> As described in the Second Semi-Annual Compliance Report, in April 2016, the AT&T Corporate Social Responsibility team executed an email awareness campaign to over 180,000 professionals at school districts within AT&T’s wireline footprint to provide information about the Program. The email included basic program information and links to collateral and promotional materials and was distributed to multiple titles at the school district and individual school level, including superintendents, principals, school board presidents, guidance counselors, and NSLP administrators. Second Semi-Annual Compliance Report at 44.

Program, and has followed up with about 1,520 school districts via phone call.<sup>87</sup> In addition, EveryoneOn is coordinating a strategic outreach awareness effort to disseminate promotional and marketing collateral to key local stakeholders across AT&T's wireline footprint. EveryoneOn also is working closely with local housing authorities and community partners to host a series of hands-on program awareness and enrollment events in order to educate eligible households about the Program, help them check service availability at their address and apply for the Program, and share digital literacy resources from AT&T's website. The events help inform communities about *Access from AT&T* and provide assistance with signing up for the Program.

In addition, AT&T is planning a series of 30 program and enrollment events in school districts for local families and organizations to attend in 2017.

*Educate School Professionals:* AT&T Public Affairs is using its relationships with key national education-related associations and advocacy groups representing educators, guidance counselors, and social workers – such as the National Parent Teacher Association (“PTA”), American School Counselor Association (“ASCA”), and American Counseling Association – to gain assistance in disseminating the Program details among the populations these organizations serve.<sup>88</sup> During this reporting period, AT&T entered into an agreement with the National PTA to conduct outreach to school districts during the 2016-2017 school year. PTA will target local PTAs across AT&T's 21-state wireline footprint to share information about *Access from AT&T* for eligible participants, as well as other information about digital learning and resources

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<sup>87</sup> A sample of the EveryoneOn email is provided in Exhibit 9.

<sup>88</sup> Education-related organizations that have agreed to assist in promoting the Program are included in Exhibit 8, and sample promotional materials are in Exhibit 9.

available to support internet access for eligible participants. PTA’s 21-state outreach will include: social media, segmented emails, and a recorded webinar for on-demand viewing by local PTA leaders and the families they serve. In addition, AT&T will have the opportunity to share information about *Access from AT&T* in various PTA communications. As part of its outreach, PTA also will conduct targeted campaigns in certain low-income urban areas.

AT&T personnel also are directly educating school district professionals about *Access from AT&T* by conducting outreach at events hosted by various education-related associations, such as the International Society for Technology in Education, Consortium for School Networking, and State Education Technology Directors Association. As of December 31, 2016, AT&T has promoted the Program through exhibitor booths and speakership opportunities at national conferences hosted by Family Career and Community Leaders of America, the National Digital Inclusion Alliance, National PTA, and Consortium for School Networking. AT&T also attended and hosted a booth to promote the Program at the 2016 National PTA Convention, where EveryoneOn also gave a presentation about *Access from AT&T*.

## **6. Analysis of Effectiveness of Program**

As AT&T explained when it announced the Program’s launch in April, *Access from AT&T* is ““making it easier for more people to connect to friends, family, their communities and the possibilities of the Internet. . . *Access from AT&T* is an affordable Internet option available to millions of Americans with limited budgets.””<sup>89</sup> As of December 31, 2016, just over eight

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<sup>89</sup> See AT&T, *AT&T Setting Out to Connect More U.S. Residents to the Internet* (April 22, 2016), [http://about.att.com/story/connecting\\_more\\_us\\_residents\\_to\\_the\\_internet.html](http://about.att.com/story/connecting_more_us_residents_to_the_internet.html) (quoting Cheryl Choy, AT&T Vice President for wired voice and broadband products).

months since launch, AT&T has received over [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] calls from prospective participants, almost [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] unique views on the *Access from AT&T* Website, and over [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] visits to the “Apply Now Link.”

AT&T’s national, state and local efforts to enlist outreach partners that work with low-income communities have far exceeded the Condition’s requirements. As explained above, AT&T, with the assistance of Everyone On and Connected Nation, has provided information about *Access from AT&T* to over 1,200 organizations. As of December 31, 2016, about 630 organizations have agreed to promote the Program among the populations they serve.<sup>90</sup> Subscriber enrollment throughout AT&T’s wireline footprint, in part, reflects the breadth of AT&T’s outreach efforts.

A considerable amount of work has gone into the launch of *Access from AT&T* and the outreach campaign to build awareness about the new Program. While AT&T is extremely proud of what it has accomplished in a short period of time, AT&T is continuing to take a number of steps to ensure the success of the Program and facilitate its expansion.

As of December 31, 2016, AT&T is providing discounted broadband service through the Program to [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY

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<sup>90</sup> A list of these organizations is provided in Exhibit 8.

**CONFIDENTIAL INFORMATION]** qualifying households. Of these households, the vast majority are being provisioned on the IP network.<sup>91</sup> Of the IP-based customers, about **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** are receiving our 10 Mbps service tier at a price of \$10/month. Program outreach and awareness efforts have resulted in *Access from AT&T* subscribers in all 21-states in the wireline broadband services footprint. Customer applications indicate that about **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** of respondents heard about the *Access from AT&T* via our promotional or outreach efforts. The number of subscribers is increasing steadily as the Program ramps up and awareness grows, and through AT&T's efforts to improve the enrollment process, as described below. Indeed, since the prior reporting period, the number of subscribers has increased nearly tenfold.

AT&T has already identified opportunities to attract more subscribers and expand the Program, and implemented two such expansions during the reporting period. First, AT&T extended eligibility for the Program to California residents who participate in the California SSI program as an alternative to SNAP eligibility. California residents who participate in the California SSI program may not also claim federal SNAP benefits. As a result, California SSI participants are not eligible for *Access from AT&T* based on SNAP participation. As of July 21, 2016, AT&T extended eligibility for *Access from AT&T* to California residents who participate

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<sup>91</sup> About **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** are being provisioned on the legacy DSL network.

in the California SSI program.<sup>92</sup> As of December 31, 2016, [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] applications submitted by California SSI participants have been approved, and [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] California SSI participants have subscribed to *Access from AT&T*.

Second, as explained above, AT&T further expanded the Program to include prospective participants that are unable to receive internet speed tiers of 3 Mbps and above.<sup>93</sup> In particular, as of October 2, 2016, eligible individuals or households that apply for *Access from AT&T* that are not able to receive service at the 3 Mbps speed tier, but are able to receive service of up to 768 kbps or 1.5 Mbps, will be offered the faster of these two speeds at their location for \$5/month. [BEGIN CONFIDENTIAL INFORMATION]

[END CONFIDENTIAL INFORMATION]

In addition, AT&T has included information about these additional speed offers in new advertisements, flyers, press releases and other educational materials. As of December 31, 2016, about [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY

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<sup>92</sup> See *Access from AT&T* Website.

<sup>93</sup> Approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] of AT&T's existing customer base currently receives maximum speeds of 768 kbps or 1.5 Mbps.

**CONFIDENTIAL INFORMATION]** new customers have subscribed to *Access from AT&T* for speeds below 3 Mbps.

In addition, as discussed above, AT&T is participating in HUD's ConnectHome Initiative.<sup>94</sup> Los Angeles' Mayor praised AT&T's participation in HUD's ConnectHome initiative, stating "I am committed to erasing a digital divide that leaves too many people without the tools to learn, find work, or maximize their potential. L.A. will be America's most connected city, and with help from companies like AT&T, we will continue leading the world in innovation and creativity.'" <sup>95</sup> The Los Angeles WAVE also reported that "A major commitment from AT&T will bolster the ConnectHome initiative's drive to close the digital divide for low-income families through a low-cost broadband program. Access from AT&T, a public-private effort, will help connect families living in public housing projects to low-cost Internet service."<sup>96</sup>

As part of AT&T's participation, as of December 31, 2016, AT&T has conducted 10 program awareness and enrollment events across 10 ConnectHome pilot communities within the AT&T 21-state wireline footprint.<sup>97</sup> The events are helping to inform HUD-assisted households about *Access from AT&T* and provide assistance with signing up for the Program. In addition, as discussed above, in November 2016, AT&T sent a direct mailing about *Access from AT&T* to

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<sup>94</sup> HUD Press Release.

<sup>95</sup> *Id.*

<sup>96</sup> Wave Staff, *New Program Connects Housing Projects to Internet*, WaveNewspapers.com (Sept. 16, 2016), <http://wavenewspapers.com/new-program-connects-housing-projects-to-internet/>.

<sup>97</sup> These communities include the following: Albany, Georgia; Atlanta, Georgia; Baton Rouge, Louisiana; Cleveland, Ohio; Little Rock, Arkansas; Los Angeles, California; Macon, Georgia; New Orleans, Louisiana; Rockford, Illinois; and San Antonio, Texas.

about [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] HUD public housing addresses where AT&T provides service. Following that mailing, the number of new *Access from AT&T* customers in HUD public housing addresses increased by approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] for the month of December.

AT&T is also attracting more subscribers through its outreach efforts. In July 2016, AT&T added *Access from AT&T* questions to the weekly online survey that AT&T conducts continuously throughout the year in discount broadband markets to measure awareness and interest in the Program.<sup>98</sup> Interest in and awareness of the Program started low, but increased across the board when advertising was present in the market. SNAP participants always had a higher awareness [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] and interest in the Program [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] than consumers who did not qualify for the Program.

In addition, in an effort to reach even more potential participants, as discussed above, AT&T has begun marketing to certain potentially budget-minded consumers, including Cricket customers and General Dollar Store patrons. In October 2016, AT&T sent direct mail notices about the Program to approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

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<sup>98</sup> From July 11, 2016 to October 23, 2016, AT&T interviewed a total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL INFORMATION]



[END HIGHLY CONFIDENTIAL INFORMATION] Cricket customers who live in a location that can receive AT&T Internet service. In December 2016, AT&T sent direct mail notices to approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] Cricket customers who live in a location that can receive AT&T DSL service or were eligible for 768 kbps or 1.5 Mbps. These efforts have resulted in about [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] application requests, [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] applications submitted, and [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] customers ordering service.

AT&T's Dollar General campaign ran from June to July 2016 and September through December 2016. As part of the campaign, the *Access from AT&T* offer displayed on receipts when a SNAP EBT card was used to pay for purchases, and a total of approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] receipts with the *Access from AT&T* offer were printed during the June to July campaign and nearly [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] were printed during the September through December campaign. These efforts have resulted in almost [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] calls for the two campaigns as of December 25, 2016.

While the vast majority of processed applications have been approved for the program,<sup>99</sup> some prospective participants have been denied.<sup>100</sup> Of the processed applications that were denied, more than [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] are due to improper or incomplete documentation evidencing SNAP participation. In order to reduce application denials based on improper documentation, AT&T has updated the Program website and FAQs to provide more information on acceptable documentation of SNAP participation. AT&T also has expanded acceptable documentation to include a SNAP benefit letter that is dated up to 24-months prior to the date of the application and a copy of a valid government issued identification with name and photo for customers who do not have their name on their SNAP card. In addition, rather than requiring supporting documentation to be submitted along with an application, AT&T will honor supporting documentation separately submitted from a pending application to the extent the documents can be accurately matched. AT&T has already seen an uptick from these changes, with the number of customers approved each month averaging [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] as of December 2016. In addition, AT&T has updated the online availability tool to enhance the customer online experience, and added a suggestion that prospective participants call to check for availability at their location if the online tool initially indicates that

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<sup>99</sup> As of December 31, 2016, [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] of submitted applications have been approved.

<sup>100</sup> Exhibit 11 provides a summary of quality assurance steps that AT&T has taken during the reporting period to increase the number of participants in the Program.

the location is not covered so that the agent can try different approaches (*e.g.*, entering address with “Street” rather than “Road”) at the customer’s address. AT&T also has instructed agents to explain the online application process to prospective customers who state they will apply online, including instructions on how to upload supporting documentation.

AT&T also wants to ensure that those applicants who have been approved for *Access from AT&T* quickly begin to receive the benefits that internet service will deliver. As of December 31, 2016, there were approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] applications approved for which orders have not yet been placed, and many approved applicants had been waiting [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] to order service. In order to increase the number of customers in service, AT&T has trialed an initiative to call customers with approved applications to encourage them to place an order for service if the customer has not done so within [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] of AT&T approving the application. AT&T has seen a consistent improvement from these efforts during this reporting period, and the wait time for approved applicants to order service has been decreasing.

In addition, rather than require Program participants to provide evidence each year that they remain eligible for *Access from AT&T* as permitted by the Condition, AT&T has adopted a customer friendly recertification process that facilitates seamless service for Program participants. Under AT&T’s renewal process, AT&T will notify customers approximately 30 to 45 days prior to their anniversary date that if they are still enrolled in a benefit qualifying

program (*i.e.*, SNAP or SSI for California residents), then they are already approved for the next year. If a customer is no longer participating in a benefit qualifying program, the customer will be directed to call AT&T for alternative service.

Finally, while the initial response from third-party organizations to AT&T's outreach efforts has been very positive, Connected Nation is collecting metrics about outreach activities undertaken by each participating organization and is surveying the organizations participating in the Program to learn what promotional activity has occurred.<sup>101</sup> As of December 31, 2016, Connected Nation has placed over 500 telephone calls to partner organizations, and 272 organizations, representing over 1.8 million consumers, have provided feedback about their participation in the Program. Of the organizations responding to the survey, almost one-quarter provide services to minority organizations, one-third provide services to low-income households, 12 percent provide services to seniors, 15 percent provide services to youth, and 15 percent provide services to veterans, people with disabilities and other vulnerable groups. According to the Connected Nation survey, about 66 percent of participating organizations are assisting in raising awareness about *Access from AT&T*. Participating organizations report that they have engaged in numerous outreach activities, such as distributing flyers, mailings and newsletters, hosting speakers, and posting on social media. More than 80 percent of the partner organizations plan to do even more to promote the Program in the future. According to Connected Nation, the partner organizations showed a great willingness to incorporate *Access from AT&T* outreach activities in their regular interactions with customers and partner organizations. AT&T will

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<sup>101</sup> The Connected Nation report for the period ending December 31, 2016 contained in Exhibit 10 describes the feedback provided on outreach activities by partner organizations.

continue to use the resources of Connected Nation to help AT&T ensure that the outreach program is achieving its broad objectives and to assess the Program's overall effectiveness moving forward.